

Greenville Housing Futures has developed both affordable rental and owner-occupied housing including Genesis Court, Washington Pointe, Landwood Ridge, and Lach Street.

Homeowner Education and Pre-Purchase Counseling:

The City of Greenville now offers Homebuyer Education that focuses on preparing people for homeownership. In addition, Habitat for Humanity utilizes Habitat Homeowners in Process that is specifically geared to homeownership in their programs.

3.2.2 Next Steps: New Programs to Investigate

Community Land Trusts (CLT):

Program Purpose/Description: A land trust is a mechanism for balancing community equity and individual equity in homeownership through the separation of the cost of land from the resale value of a privately-owned home. A separate entity, typically a non-profit housing organization, owns title to the land underneath a house, similar to a condominium arrangement. The land is not included in the original sale or resale cost of the home, thereby reducing the overall housing costs by 20-25%.

Community land trusts help communities to:

- ⌘ Gain control over local land use and reduce absentee ownership;
- ⌘ Provide affordable housing for lower income community residents;
- ⌘ Promote resident ownership and control of housing;
- ⌘ Keep housing affordable for future residents;
- ⌘ Capture the value of public investment for long-term community benefit; and
- ⌘ Build a strong base for community action.

The CLT's distinctive approach to ownership involves permanent CLT ownership of land. It is usually leased to low- and moderate-income households. The land may also be used for affordable rental housing and other purposes.

- ⌘ **Acquiring Land for the Community.** CLTs can acquire vacant land and develop housing or other structures on it. At other times, CLTs acquire land and buildings together. In both cases, CLTs treat land and buildings differently. The land is held permanently by the land trust so that it will benefit the community. Buildings (known as improvements) can be owned by those who use them.
- ⌘ **Homeownership on Community Land.** Buildings on CLT land may serve different needs, but, when possible, CLTs help people to own their own homes on this land. When a CLT sells homes, it leases the underlying land to the homeowners through a long-term (usually 99-year), renewable lease, which gives the residents and their descendants the right to use the land for as long as they wish to live there.
- ⌘ **Still Affordable for the Next Homeowners.** When CLT homeowners decide to move out of their homes, they can sell them. However, the land lease requires that the home be sold either back to the CLT or to another low-income household for an affordable price.

The CLT is a balanced vehicle for local residents who want to gain greater control over local land use and development.

Source Information:

Policy Link: Beyond Gentrification Toolbox <http://www.policylink.org/content/tools/39/8-1.asp>

Institute for Community Economics <http://www.iceclt.org/>

Federal Home Loan Bank of Atlanta:

Program Purpose/Description: The Federal Home Loan Bank of Atlanta is the regional arm of the Federal Home Loan Bank. They have a variety of Community Investment programs offering incentives for the development of affordable housing for rent and for purchase.

Available Activities/Funding:

First-time Homebuyer Program

The First-time Homebuyer Program (FHP) provides direct subsidy matching funds for the downpayment and closing costs of first-time homebuyer programs developed by member financial institutions. FHP offers open participation to all interested members on a first-come, first-served, homebuyer-by-homebuyer basis during an annual calendar year offering. The maximum FHP award per household is \$5,000. Eligible homebuyers must:

- ⌘ Have income at or below 80 percent of area median or be income-eligible at the time of entering a member approved homebuyer counseling program;
- ⌘ Complete a homebuyer counseling program approved by the member financial institution;
- ⌘ Contribute a minimum of \$500 of their own funds;
- ⌘ Be bound by a five-year monitoring requirement to be secured by a retention recapture agreement; and
- ⌘ Access funds through a member financial institution which must originate the first mortgage.

Predevelopment Fund

This program is designed to provide loan funding for certain predevelopment expenses associated with affordable housing and real estate-based community economic development projects. The maximum loan amount is \$100,000 per project, not to exceed 75 percent of the total eligible predevelopment expenses. Upon completion of the project, the loan is repaid.

Affordable Housing Program

The selection of worthwhile projects to receive Affordable Housing Program (AHP) funding occurs through a competitive process. Federal Home Loan Bank of Atlanta (FHLBA) members submit applications for funding submission deadlines of March 15 or September 15 typically. AHP is frequently used in conjunction with other funding sources, including conventional loans, government subsidized financing, tax credit equity, foundation grants and bond financing.

AHP awards subsidized loans and grant money for worthwhile homeownership or rental initiatives. Funds are directed to FHLBA member institutions working in partnership with affordable housing providers. In addition to homeownership and rental housing, AHP addresses special-needs housing such as single-room occupancy units for the homeless, transitional housing, supportive housing and units specially equipped for the disabled and elderly. In order to be considered:

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- AHP subsidies may be used only for the purchase, construction or rehabilitation of owner-occupied or rental properties;
- AHP subsidized units must serve households earning 80 percent or below the area median income. Rental projects are required to insure that 20 percent of the total units are for very low-income families;
- The project sponsor must have the qualifications necessary to complete the project;
- AHP projects must comply with fair housing and affirmative marketing requirements;
- Owner-occupied properties must remain affordable for 5 years.
- Rental properties must remain affordable for 15 years; and
- The full AHP subsidy must be used within 24 months of project approval.

Eligible uses of an AHP subsidy include acquisition, new construction or rehabilitation financing, permanent financing, principal reduction, and downpayment and closing cost assistance.

AHP assistance is available in the form of direct subsidies, grants, or subsidized advances. There is a maximum direct subsidy limitation of \$500,000 per project per competitive round.

Source Information:

Federal Home Loan Bank of Atlanta <http://www.fhlbatl.com>.

Bank of America Community Development <http://www.bofa.com/community/>

Downpayment Assistance Programs:

Program Purpose/Description: There is a variety of programs to assist first-time homebuyers. These programs vary from those targeted at lower income homebuyers to programs that are open to any family purchasing in a participating development. Some examples include the First Time Homebuyers Program of the Federal Home Loan Bank and the United Way Individual Development Account.

IDAs are dedicated savings accounts that can only be used for purchasing a home, paying for education or job training expenses, or capitalizing a small business. These accounts, which are generally managed by community organizations, are held at local financial institutions in the name of the individual participant. Contributions are made by individual participants over a pre-established time period and are matched using both private and public sources.

Qualified Activities: The use of CDBG funds for IDAs is not an eligible activity in and of itself. However, the purposes for which the funds in an IDA are to be used - to buy a home, start a business, or pay for education/job training - are eligible activities under the CDBG program. Therefore, CDBG may be used as required match for IDAs as discussed below when the family or household of the individual for whom the IDA is established is determined to be low- or moderate-income prior to assistance being provided:

- ⌘ To purchase a home: homeownership assistance meeting the housing national objective.
- ⌘ To pay education or job training expenses: public service under the limited clientele national objective.
- ⌘ To capitalize a small business (i.e., 5 or fewer employees including the owner/developer): microenterprise assistance under the limited clientele national objective based on the owner/developer's family size/income.

The IDA program is one of the components of the housing counseling program in the City's Special Emphasis Neighborhoods. Working with Human Relations Commission and the United Way, the City will develop and implement a housing counseling program for residents of the Haynie-Sirrine neighborhood.

Source Information:

Department of Housing and Urban Development (HUD) <http://www.hud.gov/offices/cpd/communitydevelopment/library/indivdevacc.pdf>

South Carolina State Housing Finance and Development Authority (SCSHFDA)

The SCSHFDA was created in 1971 to promote and provide safe, decent and affordable housing for the citizens of South Carolina. The SCSHFDA administers several programs including the Low Income Housing Tax Credit Program, the Housing Trust Fund, the HOME Program, the Mortgage Revenue Bond Program (MRB) and the Community Homeownership Opportunity Program some of which are described in more detail as follows:

Low Income Housing Tax Credit Program

Program Purpose/Description: The Low Income Housing Tax Credit Program (LIHTC) is designed to provide an incentive to owners developing multifamily rental housing. Developments that may qualify for credits include new construction, acquisition with rehabilitation, rehabilitation and adaptive reuse. Tax credit projects can include mixed-use and mixed-income projects, but units assisted by tax credits must be maintained as rental units during the period of affordability. Owners of and investors in qualifying developments can use the credit as a dollar-for-dollar reduction of federal income tax liability. Allocations of credits are used to leverage public, private and other funds in order to keep rents to tenants affordable, saving as much as 20-30% of the base development cost. The basic requirements are as follows:

- ⌘ Eligible applicants must submit proposals to be ranked in accordance with the Qualified Allocation Plan (QAP). Authority staff will evaluate all applications for LIHTCs to determine if the proposed development meets the State's housing need priorities;
- ⌘ To be eligible, a development must have at least 20% of its units occupied by households earning at or below 50% of the area median income, or 40% of its units occupied by households earning at or below 60% of the area median income. Income limits are adjusted for household size;
- ⌘ Maximum rents are set for each unit size based upon 30% of the area's maximum allowable income for specified household sizes. Tenant paid utilities are counted as part of the maximum rent;
- ⌘ Owners must participate in the Authority's Compliance Monitoring Program. Monitoring includes actual physical inspections of housing units as well as a review of tenant records and certifications. The compliance period is 15 years with an agreement to keep the development low-income for an additional 15 years;
- ⌘ Maximum rents are set for each unit size based upon 30% of the area's maximum allowable income for specified household sizes. Tenant paid utilities are counted as part of the maximum rent; and
- ⌘ Developers must participate in the Authority's Compliance Monitoring Program. The compliance period is 15 years with an agreement to keep the project low-income for an additional 15 years.

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Source Information:

http://www.sha.state.sc.us/Programs/Rental/Tax_Credit/tax_credit.html

Housing Trust Fund

Program Purpose/Description: The South Carolina Housing Trust Fund provides financial assistance for the development of safe, decent, sanitary and affordable housing for lower income and very low income households. The Fund strives to maximize the utilization of federal, state and/or other housing assistance programs and to leverage all other public and private resources. It seeks to establish a spirit of partnership between government, qualified non-profit sponsors, for-profit sponsors, and those in need of affordable housing. Sponsor/Developers must comply with the South Carolina Fair Housing Law. Mobile homes or manufactured housing units are not eligible for a Trust Fund award.

Available Funding:

Emergency Repair Program

For owner-occupied emergency repairs, the Housing Trust Fund may award up to \$6,000.00. All applications which receive an award must be for the emergency repair of housing units for use by members of very low income (50% and below the area median) households, as defined in the Funding Agreement. Eligible applicants must be elderly, handicapped, or disabled. A match of funds is not required for owner-occupied emergency repairs.

Recipients (i.e., a Sponsor who receives approval) may pay only costs incurred for the emergency repair of a residential structure, and other eligible costs associated with the development from Trust Fund awards. Recipients cannot pay any administrative costs with Trust Fund awards. Trust Fund awards cannot be used for relocation expenses of residents, costs associated with record keeping, storage, tools and equipment, and other such related items. The allowable non-profit developer fee is 10% of the development cost. However, if the developer fee plus the development cost exceeds \$6,000, then the developer fee will be reduced so that the total Housing Trust Fund award does not exceed \$6,000.

Group Homes

Housing Trust Fund awards may be used to undertake the rehabilitation, acquisition or construction of a building, which is to be occupied by disabled persons, on a specific, identified site. The Housing Trust Fund may award the lesser of fifty percent (50%) of the total development cost or \$75,000.00. All applications that receive an award must be for acquisition/rehabilitation or new construction of housing units for use by either members of lower income (below 80% but above 50% of the area median) or very low-income (50% and below the area median) household, as defined in the Funding Agreement.

Recipients (i.e., a Sponsor who receives Board approval) may pay only costs incurred for the acquisition of the site, with or without structures, actual construction or rehabilitation of a residential structure, on-site infrastructure, and other eligible costs associated with the development from Trust Fund awards. Recipients cannot pay any administrative costs with Trust Fund awards. Trust Fund awards cannot be used for relocation expenses of residents, costs associated with record keeping, storage, tools and equipment, and other such related items.

Homeownership

For homeownership activities, the Housing Trust Fund may award the lesser of fifty percent (50%) of the total development cost or \$10,000, and in some cases, up to \$20,000. All applications which receive an award must be for acquisition/rehabilitation or new construction of housing units for use by either members of lower income (below 80% but above 50% of the area median) or very low income (50% and below the area median) households, as defined in the Funding Agreement. Housing Trust Fund awards may be used to undertake the acquisition and rehabilitation or construction of a single family dwelling, which is occupied by the owner, on a specific, identified site.

Recipients (i.e., a Sponsor who receives Board approval) may pay only costs incurred for the acquisition of the site, with or without structures, actual construction or rehabilitation of a residential structure, infrastructure, and other eligible costs associated with the development from Trust Fund awards. Housing Trust Funds can not be used to pay down payment and closing costs for the low-income beneficiaries. Recipients cannot pay any administrative costs with Trust Fund awards. Trust Fund awards cannot be used for relocation expenses of residents, costs associated with record keeping, storage, tools and equipment, and other such related items.

The allowable non-profit developer fee is \$1,500. This fee is not included in the Housing Trust Fund award amount. However, if the developer fee plus the Housing Trust Fund award exceeds \$20,000, then the developer fee will be reduced so that the total Housing Trust Fund award does not exceed \$20,000. The developer fee does not require a match and should not be included when calculating the amount of match needed to fund a project.

Owner Occupied Rehabilitation

For owner-occupied rehabilitation, the Housing Trust Fund may award the lesser of fifty percent (50%) of the total development cost or \$20,000.00. All applications which receive an award must be for rehabilitation of housing units for use by either members of lower income (below 80% but above 50% of the area median) or very low income (50% and below the area median) household, as defined in the Funding Agreement. Sponsor/Developers must comply with the South Carolina Fair Housing Law.

Recipients (i.e., a Sponsor who receives Board approval) may pay only costs incurred for the acquisition of the site, with or without structures, actual construction or rehabilitation of a residential structure, infrastructure, and other eligible costs associated with the development from Trust Fund awards. Recipients cannot pay any administrative costs with Trust Fund awards. Trust Fund awards cannot be used for relocation expenses of residents, costs associated with record keeping, storage, tools and equipment, and other such related items.

The allowable non-profit developer fee allowed is \$1,500 and is not included in the Housing Trust Fund award amount. However, if the developer fee plus the Housing Trust Fund award exceeds \$20,000, then the developer fee will be reduced so that the total Housing Trust Fund award does not exceed \$20,000. The developer fee does not require a match and should therefore not be included when calculating the total match needed for the project.

Multi-Family Rental Housing

Recipients of a Housing Trust Fund award for multifamily rental may pay only costs incurred for the acquisition of the site, with or without structures, actual con-

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struction or rehabilitation of a residential structure, and on-site infrastructure associated with the development from Trust Fund award proceeds. Recipients cannot pay any administrative costs with Housing Trust Fund award proceeds. Housing Trust Fund award proceeds cannot be used for relocation expenses of residents, costs associated with record keeping, storage, tools and equipment, and other such related items.

The maximum Housing Trust Fund award allowed is \$300,000. At a minimum, 50% of the Total Development Costs (TDC) must be obtained from other funding sources. Housing Trust Fund loans are below market 2% rate loans, unless the Trust Fund award is to be combined with State HOME funds. The combined funding of State HOME funds and Housing Trust Funds can not exceed 80% of the Total Development Cost (TDC).

Shelter or Transitional Housing

Housing Trust Funds may be used to convert non-residential buildings into shelters and transitional housing facilities. The Housing Trust Fund may award the lesser of fifty percent (50%) of the total development cost or \$100,000. All applications which receive an award must be for rehabilitation of housing units for use by either members of lower income (below 80% but above 50% of the area median) or very low income (50% and below the area median) households, as defined in the Funding Agreement.

Recipients (i.e., a Sponsor who receives Board approval) may pay only costs incurred for the acquisition of the site, with or without structures, actual construction or rehabilitation of a shelter or transitional housing structure, infrastructure, and other eligible costs associated with the development from Trust Fund awards. Recipients cannot pay any administrative costs with Trust Fund awards. Trust Fund awards cannot be used for relocation expenses of residents, costs associated with record keeping, storage, tools and equipment, and other such related items.

Mortgage Revenue Bond Program

The Mortgage Revenue Bond Program provides first mortgage financing to qualified buyers at an interest rate of 6.15% to make the dream of homeownership a reality.

Qualifications:

- ⌘ Loans needing mortgage insurance (MIP) must be insured by FHA-Setion 203(b), 203(k), 203(v), or Conventional-TRIAD, GE, MGIC, Radian, UGI, RMIC, or PMI. Loans must meet all program requirements.
- ⌘ Minimum 3% down payment
- ⌘ Costs include: 1% origination fee, prepaid items and usual and customary closing costs
- ⌘ Loan Term-15, 20, 25, or 30
- ⌘ Loans are subject to Federal Recapture

Community Homeownership Opportunity Partnership (CHOP)

This program offers first mortgage financing to qualified buyers at 4% or 5.5%, depending on income and family size. For Greenville County, the price of the house must not exceed \$90,000.

Qualifications

- ⌘ Downpayment as required by FHA